

Incoming  
Task ID# 1729  
cc Tom  
Daron

## Application for Site and/or Bond Release

Operator/Permittee: <u>BASIN PERLITE COMPANY</u>	
Mine/Project Name: <u>PEARL QUEEN / SCHOOL MINES</u>	
File Number: <u>M / 001 / 027</u>	
Check One: <input checked="" type="checkbox"/> Large Mine                      Small Mine                      Exploration	
Check one: <input checked="" type="checkbox"/> Partial Release of a <u>portion</u> of the mine site: Acres to be released: <u>~10.2</u> Acres Remaining: <u>~11.64</u> Specify Area: <u>PEARL QUEEN MINE AREA</u>  Full Release of a <u>portion</u> of the mine site:                      Acres to be released: _____ Specify Area: _____ (A new map will need to be provided for the Notice or plan removing the released area from the disturbed or bonded area.)  Partial Release of entire mine site:                      Total Acres to be released: _____ (Backfilling and grading are completed)  Full Release of entire mine site:                      Total Acres to be released: _____ (Vegetation is established and has survived three growing seasons.)	
Amount of Existing Surety: <u>~\$ 101,661</u>	
Amount of Surety requested for release: <u>~\$ 42,000</u>	
Reason for Bond Release Request: <u>FOR RECLAMATION COMPLETED IN 2006.</u> <u>NOTE: ~\$5000 HAS BEEN WITHHELD FROM REQUEST IN THE EVENT VEGETATION IS NOT SUCCESSFUL AND RE-SEEDING IS REQUIRED.</u> <u>SEE ATTACHED INSPECTION REPORT DATED 26 DEC 2006.</u>	
Complete this section if the money released from this application is to be used as surety for future disturbance.  Release bond on: _____ Acres (specify area) _____  Apply Bond to: _____ Acres (specify area) _____	
Check Applicable Boxes	DESCRIPTION of RECLAMATION ACTIVITIES COMPLETED (Describe any variance(s) that have been granted, date activity completed)
<input type="checkbox"/> Wells Plugged / shafts sealed	
<input type="checkbox"/> Disposal of debris & other materials incident to mining	



	Drainages, reestablished & stable	
	Structures demolished / removed	
✓	Regrading Completed – Slopes, pits, highwalls in stable condition	SEE ATTACHED REPORT NORTH AMERICAN EXPLORATION 30 JAN 2006
	Meets Postmining Land Use (Indicate Landuse)	
	Roads Reclaimed	
	Dams, Impoundments, Ditches, Pits reclaimed	
✓	Topsoil respread – amendments added	SEE ATTACHED REPORT NORTH AMERICAN EXPLORATION 30 JAN 2006
	Erosion Controlled	
	Vegetation meets 70% of premining cover and has survived three years for full bond release – or has survived one year growing season to maintain small mine status.	

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments and obligations, herein.

ERIAN T. DOLAN  
Print Name

Erin T. Dolan, DIRECTOR  
Sign Name, Position

MARCH 12, 2007  
Date

**Return to:**

State of Utah  
Department of Natural Resources  
Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
Phone: (801) 538-5291 Fax: (801) 359-3940

<b>FOR DOGM USE ONLY:</b>	
File #:	M/ /
Approved:	_____
Bond Adjustment: from (\$)	_____
to \$	_____

O:\FORMS\Bonding Forms\Bond-Release\site-bond-release-applic.doc





JON M. HUNTSMAN, JR.  
Governor  
GARY R. HERBERT  
Lieutenant Governor

State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
Division of Oil, Gas & Mining

MICHAEL R. STYLER  
Executive Director

JOHN R. BAZA  
Division Director

Inspection Report

Supervisor JOA

Minerals Regulatory Program  
December 26, 2006

**Mine Name:** Pearl Queen Perlite Mine  
**Operator Name:** Basin Perlite Company  
C/o Brian Dowlan  
1400 16<sup>th</sup> ST. STE. 200  
Denver, Colorado 80202  
**Inspector(s):** Tom Munson  
**Other Participants:** none  
**Mine Status:** regraded and seeded, parts are inactive

**Permit number:** M0010027  
**Inspection Date:** 10/04/2006  
**Time:** 2PM  
**Weather:** Sunny

Elements of Inspection

- | Elements of Inspection   | Evaluated                           | Comment                             | Enforcement              |
|--|-------------------------------------|-------------------------------------|--------------------------|
| 1. Permits, Revisions, Transfer, Bonds   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2. Public Safety (shafts, adits, trash, signs, highwalls)                      | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| 3. Protection of Drainages / Erosion Control                                   | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| 4. Deleterious Material  | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| 5. Roads (maintenance, surfacing, dust control, safety)                        | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| 6. Concurrent Reclamation  | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| 7. Backfilling/Grading (trenches, pits, roads, highwalls, shafts, drill holes) | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| 8. Water Impoundments  | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| 9. Soils   | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| 10. Revegetation   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 11. Air Quality  | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |
| 12. Other  | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/> |



**Purpose of Inspection:**

To inspect the site and determine if the areas that were regraded and seeded were successful.

**Directions to Site:**

The site is located East of the Geothermal Power Plant North of Milford, Utah

**Inspection Summary:**

The site was regraded on 1/12/2006 and seeded on 1/20/2006. This inspection revealed that the seeding did not take this year and all that was growing was tumble weeds.

**Conclusions and Recommendations:**

It is the recommendation of the Division's biologist after reviewing when the site was reclaimed and the outcome of the seeding that the Division look at the site next spring and summer and determine if the seeding is successful. If it appears not to be successful then it would be necessary for the operator to rip and reseed in the fall of 2007.

**Inspector's Signature**

Thomas Munson

**Date:**

12/26/06

tm:pb

cc: Operator  
Photos

O:\M001-Beaver\M0010027-PearlQueen\inspections\insp-10042006.doc



M/001 /027



10/4/2006 TUMBLE WEED



BASIN PERLITE COMPANY



BASIN PERLITE COMPANY



M/001/027

TUMBLEWEED



PEARL QUEEN PERLITE MINE



10/4/2006 TUMBLEWEED



001/027

BASIN PERLITE COMPANY



PEARL QUEEN PERLITE PIT

RECLAMATION STATUS

PREPARED FOR:

MR. TIM L. MOSEY  
BASIN PERLITE COMPANY  
C/O RESOURCES CAPITAL FUND  
1400 16<sup>TH</sup> STREET, SUITE 200  
DENVER, CO 80202  
720/946-1444

PREPARED BY:

O. JAY GATTEN  
AMERICAN INSTITUTE OF PROFESSIONAL GEOLOGIST #4584  
UTAH PROFESSIONAL GEOLOGIST #5222768-2250

NORTH AMERICAN EXPLORATION, INC.  
447 NORTH 300 WEST, SUITE 3  
KAYSVILLE, UTAH 84037  
801/544-3421

JANUARY 30, 2006



## 1. INTRODUCTION

Basin Perlite Company, a wholly-owned subsidiary of Resource Capital Fund, operated an open-pit perlite mine under Utah Division of Oil, Gas and Mining (DOGM) Large Mine Permit M/001/027. The pit is located in the SE quarter of section 2, T27S-R9W, SLBM, about 12 miles northeasterly of Milford, Utah. This land is owned by the state and was mined under Metalliferous Lease ML 3092.

The Large Mine Permit covers the following areas (Exhibit A).

<u>Area</u>	<u>Acreage</u>
1. Pearl Queen Pit	20.55
2. Schoo Pit	12.10
3. Haul Road	<u>1.20</u>
TOTAL	33.85

This report relates only to work done on the Pearl Queen Pit. Work was done by Rollins Construction Company (Dick Rollins), Box 249, 1842 South Highway 21, Milford, Utah 84751, 435/387-2175. The work was managed by O. Jay Gatten of North American Exploration, Inc., 447 North 300 West, Suite 3, Kaysville, Utah 84037, 801/544-3421. Work was authorized by Tim Mosey of Resource Capital Fund, 1400 16<sup>th</sup> Street, Suite 200, Denver Colorado 80202, 720/946-1444.

## 2. SITE PREPARATION

Work was done during a period of unusually dry and mild winter weather and there was no snow cover. The area was



graded and contoured to less than 2.0:1 (horizontal: vertical) slopes. In this process almost all of the existing weed cover was removed. A portion of a waste disposal area north of the pit and the access road are not being reclaimed at this time. The road will be left intact until it is determined that seeding in the pit is successful. The road and the remainder of the waste disposal area will then be reclaimed. A variance has been granted in that the reclaimed slope in this area can be 60 degrees or less, which conforms to the adjoining steep hillsides.

This work was done with a D-8 dozer and a trackhoe between the period of January 9 to January 14, 2006. The site was inspected by Tom Munson of the DOGM on January 12, 2006. He verbally approved the slopes but requested that the ground be furrowed and "roughed up" prior to seeding. The area reclaimed was about 10.2 acres in size (Exhibit B).

### 3. SEED BED PREPARATION

This consisted of three phases of work.

#### 3.1 Topsoil Redistribution

Topsoil from existing stockpiles was redistributed over the 10.2 acres of land that have been disturbed. This work was done with a dozer and there was generally less than 6 inches of topsoil on the graded surface.



### 3.2 Perlite Rubble Amendment

The perlite rubble was amended using the DOGM recommended amount of at least 5 tons of composted manure per acre. A total of about 70 tons of manure were hauled by truck and then spread with a dozer. Soil and amended perlite overburden was spread over the 10.2 acre area to the depth of about 12 inches (Exhibit B).

### 3.3 Seed Bed Preparation

The ground was furrowed and "roughed up" in preparation for seeding. The dozer ripped parallel to the contour to a depth of 2 to 3 feet. In addition a track hoe was brought in and used to prepare the steeper southwest part of the pit. The result was a base of at least 2 feet of broken perlite overburden for the soil and amended perlite rubble. Piles of grubbed vegetation were moved on to furrowed land and then the land that had been beneath the piles was furrowed. This work was done between January 16 to January 18, 2006.

## 4. SEEDING

### 4.1 Seed Mix

Seeding was accomplished using the mix recommended by the DOGM (Exhibit C). This is a total of 11.5 pounds of seed per acre. In addition the DOGM recommended that an additional



50% of the seed mix be used (17.25 pounds per acre). This was done and a total of 200 pounds of seed was purchased (Exhibit D) and planted. This seed mix was based on a soil analysis (Exhibit E).

#### 4.2 Seeding

Seeds were planted with a "4-wheeler" ATV and a planter in the flatter areas. Seeds were broadcast planted by hand on the steeper slopes. There was about 4 inches of snow on the property and it had drifted, resulting in snow cover from 0 to 18 inches. Seeding was done on January 20, 2006.

### 5. CERTIFICATION

I, O. Jay Gatten, certify that the above reclamation work was done to the best of my knowledge. I further state that the work was done according to the reclamation practices specified in Utah Large Mine Permit M/001/027. I have no ownership and do not contemplate any ownership, in Basin Perlite Company or Rollins Construction Company.

---

O. Jay Gatten

Certified Professional Geologist #4584



February 9, 2006

MR. TIM L. MOSEY  
BASIN PERLITE COMPANY  
C/O RESOURCES CAPITAL FUND  
1400 16<sup>TH</sup> STREET, SUITE 200  
DENVER, CO 80202

Dear Tim:

Here is the report on the reclamation of the Pearl Queen Pit. We are also sending a copy to Mr. Tom Munson of the Utah Division of Oil, Gas and Mining, and Mr. Dick Rollins, who did the work.

I am out of town this week and will send some photos of the work. I have not had time to get organized on that task. Thank you for the work. The seeds are all under snow now. We hope for a wet winter and that we can see those seed grow next spring.

Best regards,

O. Jay Gatten

OJG/la

Enclosures

Cc: Correspondence (no encls.)  
Project (w/encls.)  
Tom Munson - DOGM (w/encls.)  
Dick Rollins - Rollins Constructions (w/encls.)



BASIN PERLITE COMPANY  
 SURFACE FACILITIES MAP  
 PEARL QUEEN MINE  
 PERMIT M/001/027  
 BEAVER COUNTY, UTAH  
 T27S-R9W

DECEMBER 2002  
 SCALE 1"=400'

EXHIBIT A

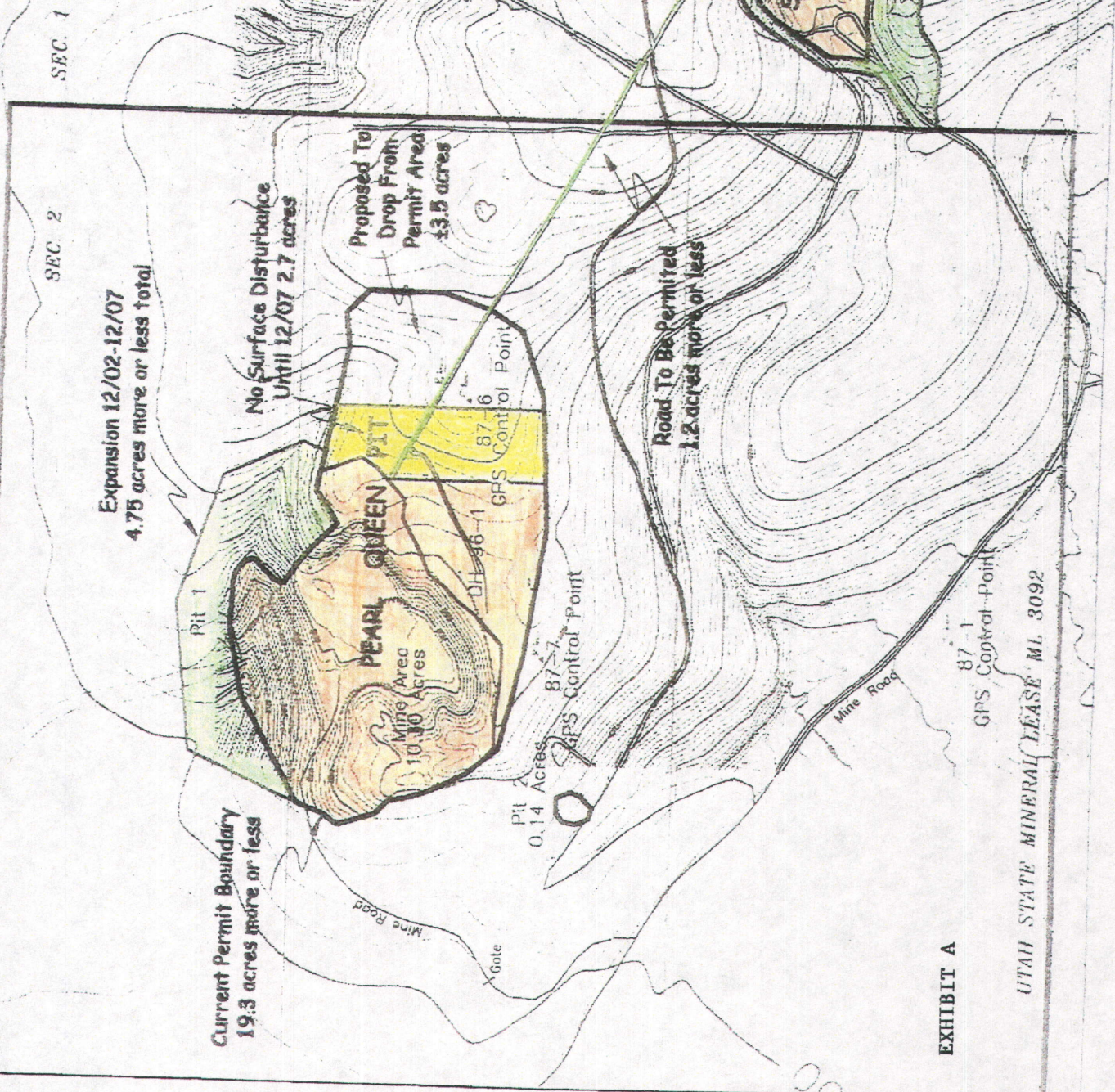
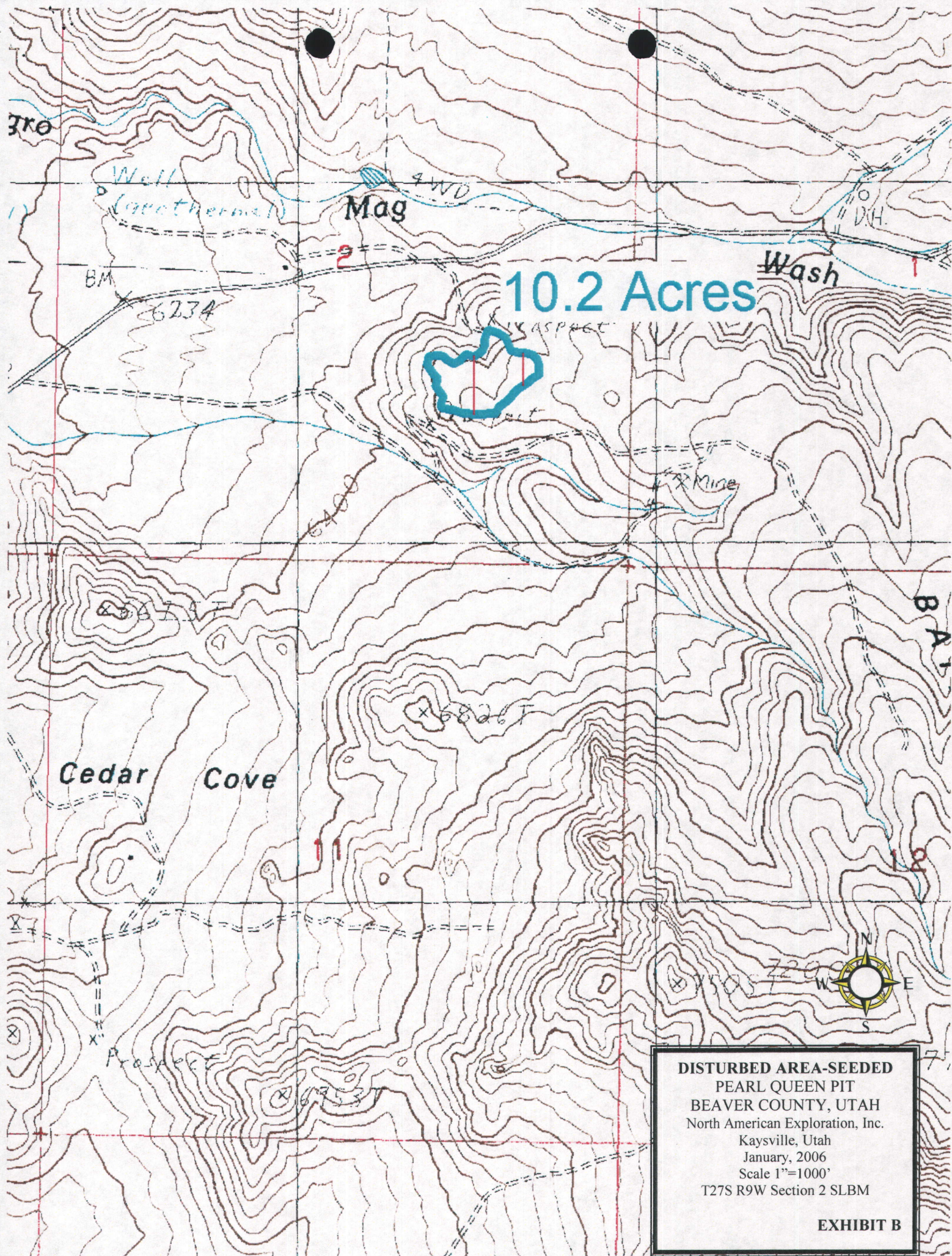


EXHIBIT A

UTAH STATE MINERAL LEASE ML 3092





**DISTURBED AREA-SEED**  
**PEARL QUEEN PIT**  
**BEAVER COUNTY, UTAH**  
North American Exploration, Inc.  
Kaysville, Utah  
January, 2006  
Scale 1"=1000'  
T27S R9W Section 2 SLBM

**EXHIBIT B**



APPROVED

MAY 28 2003

DIV. OIL GAS &amp; MINING

Recommended seed mix for Basin Perlite  
M/001/027

Prepared by Oil, Gas and Mining February 24, 2002

Species	Pounds Pure Live Seed/Acre
Bluebunch Wheatgrass	2
Sandberg Bluegrass	0.5
Indian Ricegrass	2
Thickspike Wheatgrass	1
Palmer Penstemon	0.25
Small Burnet	1
Northern Sweetvetch	0.5
Wyoming Big Sage	0.25
Fourwing Saltbush	1
Cliffrose	1
Bitterbrush	1
Curlleaf Mountain Mahogany	1
TOTAL	11.5

use + 50% of recommended seeds  
per acre (section 110.4 - first 7P)

EXHIBIT C





# Maple Leaf Company

450 So. 50 East • Ephraim, Utah 84627  
(435) 283-4701  
800-287-3182  
FAX (435) 283-6872

MLC 19078

Bill to:

Ship to:

Date

1-17-05

P.O. No.

Phone #

435-387-2202

Shipped

Ordered By

Tax Yes / No

Resale Tax #

TERMS

RAWLINS MACHINE - DICK RAWLINS  
1842 SOUTH HIGHWAY 21  
MILFORD, UT 84751

CUSTOM SEED MIX

- ALL WEIGHTS PLS/ACRE

BLUEBUNCH - 2

SANDBERG - .5

INDIAN RICE - 2

THICKSPIKE - 1

PALMER - .25

BURNETT - 1

N. SWEET VETCH - .5

ARTRW - .25

ATCA - 1

COMES - 1

PUTR - 1

CELE - 1

*Paul Smith*

MIX 200 BULK POUNDS

Shipping & Handling

Sales Tax

TOTAL

1500 00  
27 00  
93 75  
1620 75

Received by

Shipping, 5400 LK pay 1/2

Errors and claims for allowance must be reported within 10 days. Carrier's receipt for merchandise constitutes delivery and acceptance of terms after which Maple Leaf Co. responsibility ceases. Maple Leaf Co. gives no warranty expressed, or implied, or as to productiveness of any seed it sells and will not be in any way responsible for the crop. A penalty charge of 1.5% per month (18% APR) will be billed on all past due invoices.

CUSTOMER

EXHIBIT D



MAY 28 2003

DIV. OIL GAS & MINING

# REPORT OF ANALYSIS

North American Exploration  
Attn: Danny Gatten  
472 North Main  
Kaysville, Utah 84037

August 20, 1996  
Project# 96-499

1 sample for Miscellaneous analysis

ANALYTE	UNITS	Sample #1 Lab # 55306
Texture	----	sandy
pH	----	7.97*
Conductivity	µmhos/cm	1360*
SAR	----	0.200
Saturation %	%	1.30
Percent Organic Matter	%	2.20
Alkalinity	µg HCO <sub>3</sub> /ml	691*
Cation Exchange Capacity	meq/100g	19.3
CaCO <sub>3</sub>	%	2.36
Sulfur (Acid Potential)	%	0.03
Selenium	ppm	< 10
Total Nitrogen	%	0.27
Nitrate Nitrogen	%	< 0.04
Phosphorus (as P <sub>2</sub> O <sub>5</sub> )	%	0.19
Potassium (as K <sub>2</sub> O)	%	1.03

\* - from saturated extract

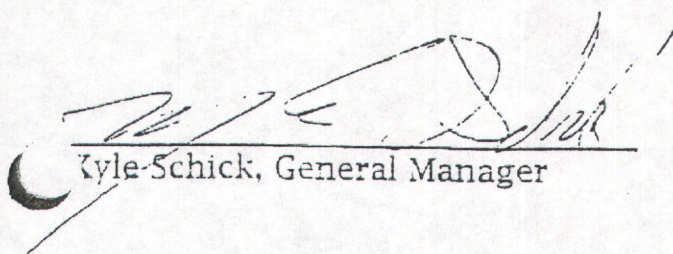
  
Kyle Schick, General Manager

EXHIBIT E